
IASB[®] meeting

Date	December 2024
Project	IFRS Accounting Taxonomy
Topic	Feedback on Proposed IFRS Taxonomy Update—<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures, Amendments to the Classification and Measurement of Financial Instruments and Annual Improvements</i>
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Introduction and purpose

1. In August 2024, the IASB published the [IFRS[®] Accounting Taxonomy 2024—Proposed Update 3 *IFRS 19 Subsidiaries without Public Accountability: Disclosures, Amendments to the Classification and Measurement of Financial Instruments and Annual Improvements*](#). The 60-day comment letter period closed on 28 October 2024.
2. The Proposed IFRS Taxonomy Update (PTU) included proposals for changes to the IFRS Accounting Taxonomy to reflect disclosure requirements arising from:
 - (a) [IFRS 19 *Subsidiaries without Public Accountability: Disclosures*](#), issued in May 2024;
 - (b) [Amendments to the Classification and Measurement of Financial Instruments](#), which amended IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* and was issued in May 2024; and
 - (c) [Annual Improvements to IFRS Accounting Standards—Volume 11](#), issued in July 2024.

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3. This paper summarises the feedback received on the PTU from comment letter respondents. We are not asking the IASB to make any decisions at this meeting. However, we are asking the IASB members to comment on:
 - (a) the feedback received from comment letter respondents; and
 - (b) the next steps in the publication of the IFRS Taxonomy Update.
 4. We did not receive specific feedback for the taxonomy modelling proposals for the *Amendments to the Classification and Measurement of Financial Instruments* or the *Annual Improvements to IFRS Accounting Standards—Volume 11*. Accordingly, we plan to finalise these proposals with no changes.

Structure of the paper

5. This paper is structured as follows:
 - (a) summary of proposals in the PTU (paragraphs 6–9);
 - (b) summary of comment letter feedback and staff analysis (paragraphs 10–23);
 - (c) next steps (paragraphs 24–25); and
 - (d) questions for the IASB.

Summary of proposals in the PTU¹

6. IFRS 19 permits eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. An entity applying IFRS 19 would apply the requirements in other IFRS Accounting Standards except for the disclosure requirements, and instead apply the requirements in IFRS 19.
7. IFRS 19 sets out reduced disclosure requirements drawn from requirements in other IFRS Accounting Standards, cross-refers to disclosure requirements in other IFRS

¹ This section summarises the proposals in the PTU as it relates to IFRS 19 *Subsidiaries without Public Accountability* which is the focus of this agenda paper. Proposals relating to the other amendments in the PTU can be found [here](#).

Accounting Standards that remain applicable and introduces disclosure requirements that are specific to IFRS 19.

8. IFRS 19 works alongside other IFRS Accounting Standards. Accordingly, the IASB proposes to reflect the requirements of IFRS 19 in a manner that works alongside existing elements in the IFRS Accounting Taxonomy—that is, to leverage the use of existing elements and structures in the Taxonomy. The IASB proposed:
 - (a) *for reduced disclosure requirements drawn from requirements in other IFRS Accounting Standards—to add references to IFRS 19 to existing elements.* This proposed approach would affect approximately 25% of the existing elements in the IFRS Accounting Taxonomy.
 - (b) *for disclosure requirements in other IFRS Accounting Standards that remain applicable and that are specified in IFRS 19 by cross-reference—not to add references to IFRS 19 to approximately 50 existing elements in the IFRS Accounting Taxonomy.*
 - (c) *for disclosure requirements that are specific to IFRS 19 and their related requirements drawn from other IFRS Accounting Standards—to create nine new elements and to include these new elements and any existing elements that logically complete the hierarchical structure of the new elements in a new presentation group for IFRS 19.*

Alternative modelling approaches considered and rejected

9. The IASB considered and rejected two alternative approaches:
 - (a) *including all elements related to IFRS 19 in a new presentation group—this approach would be consistent with existing taxonomy modelling policy to include all elements related to a single IFRS Accounting Standard in one presentation group. However, the resulting presentation group would duplicate over a thousand elements that already exist in the Taxonomy and make the Taxonomy more complex to navigate and maintain.*

- (b) *creating a new entry point that would include all elements related to IFRS 19*—this approach creates a distinct separation of elements related to IFRS 19 (included in an IFRS 19 entry point) from elements related to other IFRS Accounting Standards (included in the full IFRS entry point). However, this approach does not take into account the fact that an entity applying IFRS 19 might include disclosures that are required by other IFRS Accounting Standards but are not in the scope of IFRS 19. To tag these disclosures, an entity would need to navigate between both entry points to find the appropriate elements which can be complex.

Summary of comment letter feedback and staff analysis

10. We received three comment letters—two from individuals and one from the International XBRL community).² The two responses from individuals were received via survey with detailed responses focussed on standard-setting and not on the taxonomy proposals. We have, therefore, not considered these comment letters in our detailed analysis. In addition, we also received feedback from the [October 2024 ITCG meeting](#), in which these taxonomy modelling proposals were discussed.

Comment letter feedback

11. The stakeholder from the XBRL community commented that the proposed approach to add references to existing elements for reduced disclosure requirements drawn from requirements in other IFRS Accounting Standards (paragraph 8(a)), but *not* to add references for disclosure requirements in other IFRS Accounting Standards that are specified by cross-reference (paragraph 8(b)), might create confusion, because:
- (a) this approach would result in a substantial amount of interpretation of the text in the Standard; and

² All comment letters are available [here](#).

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- (b) the Taxonomy would not provide a mechanism that can help issuers comprehensively understand disclosure requirements for entities applying IFRS 19.
12. The stakeholder suggested that the IASB either:
- (a) take a comprehensive approach to adding references related to IFRS 19, which would help software in understanding the overall simplified disclosure requirements for entities applying IFRS 19; or
- (b) consider using a meta model approach for elements that reflect requirements in IFRS 19.³

Feedback from the ITCG

13. ITCG members questioned how an entity might use references in the Taxonomy and if this is different to how the entity might use the underlying Standards. One member commented that there is a risk that an entity might interpret that if an element does not have a reference to IFRS 19, then that element is not applicable to IFRS 19.
14. The ITCG member suggested that instead of using a ‘disclosure’ reference type, some other reference type, that acts as a guidance reference, might help entities understand which elements can be used to tag disclosures in accordance with IFRS 19.

Staff analysis

15. The purpose of references in the IFRS Accounting Taxonomy is to link elements to the related authoritative text in the IFRS Accounting Standards. The reference attribute helps preparers and users link the element to the related presentation and disclosure requirements.

³ A meta model approach would use metadata to communicate additional properties related to an element. In this case, elements related to IFRS 19 would inherit an ‘IFRS 19’ flag to communicate that the element can be used to tag the related IFRS 19 disclosure. However, these mechanisms are relatively new and XBRL software might not support these properties at this stage.

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16. The IFRS Accounting Taxonomy currently makes use of three reference types:
- (a) *disclosure*—which references a disclosure requirement in IFRS Accounting Standards;
 - (b) *example*—which references an example in IFRS Accounting Standards; and
 - (c) *common practice*—which references common reporting practice for entities applying IFRS Accounting Standards.
17. Taxonomy elements include ‘disclosure’ type references only to paragraphs where disclosure requirements are fully described. No references are added for paragraphs that include presentation or disclosure requirements by cross-reference only.
18. For example, paragraph 120 of IAS 38 *Intangible Assets* requires an entity to disclose information on impaired intangible assets in accordance with IAS 36 *Impairment of Assets*. No reference to paragraph 120 of IAS 38 is included in the elements relating to the disclosure requirements for impaired assets in accordance with IAS 36. This practice reflects that:
- (a) an entity would ultimately need to refer to IAS 36 to understand and apply these requirements; and
 - (b) the paragraph in IAS 38 that references requirements in IAS 36 simply acts as a signpost, similar to paragraphs that describe the scope of disclosure requirements—for which no references would be added.
19. We acknowledge that by not including references for the requirements that are included in IFRS 19 by cross-reference, there is a risk that an entity might interpret that those elements are not applicable to IFRS 19. However, this risk is mitigated by the fact that the proposed modelling approach has added IFRS 19 references to over a thousand elements, while approximately 50 elements are brought into the scope of IFRS 19 by cross-reference.

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20. Furthermore, references, and by extension, the Taxonomy, are not intended to:
- (a) be used as a ‘disclosure checklist’—that is, as a completeness check to determine if all the necessary disclosure requirements have been addressed in an entity’s financial statements; or
 - (b) act as a mechanism to comprehensively understand the reduced disclosure requirements for entities applying IFRS 19.
21. We agree that a new reference type might be used as guidance for paragraphs that cross-reference to disclosure requirements in other paragraphs in the IFRS Accounting Standards. This approach would:
- (a) reduce the confusion that might arise from adding references to some elements related to IFRS 19 but not to others; and
 - (b) help software identify the elements that are related to IFRS 19 but also distinguish between those that are specifically included in IFRS 19, from those that are included by cross-reference.
22. However, the IFRS Accounting Taxonomy does not currently include such a reference type and if such a reference type were to be included in the Taxonomy, the reference type would be applied to all related elements across the Taxonomy, and not just those related to IFRS 19. We plan to investigate the utility of a new reference type as part of a future general improvements project.
23. We recommend finalising the proposed approach to adding references described in paragraph 8. As part of a future general improvements project, we plan to research and consult on the utility of a new reference type and apply this new reference type consistently for all paragraphs that cross-reference to disclosure requirements in other paragraphs in the IFRS Accounting Standards.

Next steps

24. The IFRS Taxonomy Update will be balloted in January 2025.
25. We plan to issue the final IFRS Taxonomy Update, along with final taxonomy files, with the release of the 2025 IFRS Accounting Taxonomy in March 2025.

Questions for the IASB

Do you have any comments on:

1. the feedback received from comment letter respondents and ITCG members; and
2. the next steps in the publication of IFRS Taxonomy Update—*IFRS 19 Subsidiaries without Public Accountability: Disclosures, Amendments to the Classification and Measurement of Financial Instruments and Annual Improvements?*